

Department of City Development

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October 4, 2006

Honorable Commissioners
Redevelopment Authority of the City of Racine
C/o Department of City Development
City Hall, Room 306
Racine, WI 53403

Subject: Blight Determination, Pointe Blue Properties (TID No. 14)

Dear Commissioners:

On the agenda for your meeting on October 4, 2006, you have a public hearing on the proposed designation of these properties as blighted. I am writing to provide the background and rationale for that designation.

Background

The area consists of 12 parcels. The largest of the parcels is the southerly portion of the former Walker Manufacturing facility. Walker, a manufacturer of automobile equipment, ceased operations approximately 10 years ago. In the following years, the buildings were razed and preliminary soil remediation measures were performed. The parcel was acquired by the city in 2001 to accommodate the expansion of the city's water purification plant on the northerly third of the parcel.

The parcel to the east and along the shore of Lake Michigan is known as the Pugh/Rooney Recreational Area. This open space was developed in 1990's to provide public access to Racine's recreational harbor. However public access to the facility is limited by the condition of Reichert Court and it cannot be seen from major streets and pedestrian ways.

The general area was an attractive location for manufacturing in the era of commercial shipping in the Racine harbor, prior to the advent of railroads and the interstate highway system. Before the development of the recreational marina along the Root River in the 1980's, much of the larger harbor area was devoted to manufacturing and for the storage and distribution of coal and heating oil. Currently, with the exception of one nonconforming residential use, all other parcels in the area are vacant or used by the marina operation.¹

¹ It should be noted that the redevelopment concepts for the properties call for continued recreational boating and docking in the area. Only the industrial aspects of the marina operation, such as repair and outdoor storage, will end.

The current marina operation does not allow for public access to the Root River or the Racine Harbor Lighthouse and Life Saving Station.

The building mass of the two boat storage structures obstructs the view of Lake Michigan and the harbor.

Reichert Court as a public right-of-way is substandard in width and construction.

Previous Redevelopment Planning

The Pugh properties on both sides of Michigan Boulevard were included in the project plan for Tax Increment District (TID) No. 2, adopted 1983, and designated as "in need of conservation and rehabilitation." In the Downtown Plan of 1999, and the 2005 update of the plan, the Walker and Pugh properties are designated for redevelopment featuring the construction of new housing. A "long range land use plan" prepared for the City of Racine in 2000 by the Planning and Design Institute, Inc. refined the redevelopment concept for the property and also emphasized new housing construction.

In August 2006, the city created TID No. 14, specifically to facilitate the redevelopment of these properties. In the project plan for the TID, the properties are identified as "blighted" under the criteria of the Tax Increment Law.

Current Condition

The Walker and Pugh properties suffer from soil and groundwater contamination related to their past use for manufacturing and as a coal and oil depot.² The properties qualify as brownfields.

A visual survey by staff of the Department of City Development revealed that the structures on the properties, except for structures east of Michigan Boulevard that are actively used by Pugh Marina, are significantly deteriorated due to deferred maintenance. Many structures are vacant or underutilized because they are old and ill-suited for reuse. Open areas are either unpaved or poorly paved with gravel, and are weedy and poorly maintained. The Walker site is characterized by areas of broken pavement where structures were demolished and where parking lots were damaged by demolition equipment.

The block bounded by Chatham St., Hamilton St., Michigan Blvd. and Dodge St. is characterized by irregular platting and varying lot sizes. East of Michigan Boulevard, the parcels are large and unserved by local streets or infrastructure, except for Reichert Court, which has an alley type cross section and substandard right of way.

² Report of a Phase 1 Environmental Assessment, Walker Manufacturing, prepared by Sigma Environmental Services, Inc., April 1998. Supplemental Phase II Environmental Site Assessment Report, Proposed C-CAP LLC Development, Reichert Court and Michigan Boulevard, prepared by K. Singh and Associates, April 2005.

Conclusions

Racine's lakefront has been in transition for 25 years from a commercial harbor with adjacent industry to a recreational harbor with adjacent housing. This transformation has been driven by trends in transportation, manufacturing, technology, and the housing market.

The area proposed for designation has lagged behind this transformation. While some deteriorated and obsolete structures have been removed, site preparation for redevelopment was minimal because the reuse was unknown. Similarly, environmental remediation was the minimum needed for industrial use, not the residential, commercial or recreational use called for in city plans.

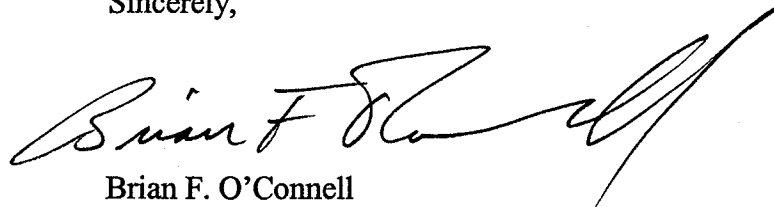
Any party now pursuing redevelopment of the properties must overcome conditions such as

- environmental contamination,
- deteriorated and obsolete structures,
- inadequate utility services and other infrastructure,
- absence of streets and pedestrian ways, and
- parcel sizes either too big or too small for contemporary development.

Wisconsin Statutes, Section 66.1333 (2m) defines "blighted property." The definition includes the following: "Blighted property means... any property which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community."

Conditions exist on the property that impair the sound growth of the community. These conditions include the legacy of the deteriorated structures and improvements, existing environmental contamination on the site, the physical conditions that make redevelopment more costly than development in other locations, and the limitations on direct access to the property from the adjacent public streets. I believe these conditions form sufficient basis for the Redevelopment Authority and the City of Racine to make a determination of blight.

Sincerely,



Brian F. O'Connell
Director of City Development

C: File

Exhibit 1: Property Characteristics

Map #	Address	Street	Parcel #	Area sq. ft.	Area Blighted	Area Vacant	Owner
1	1129	Michigan Blvd.	2485000	420,459	420,459	420,459	City of Racine
2	101	Reichert Ct.	2468001	56,410			City of Racine
3	90	Reichert Ct.	2485001	39,620	39,620		Pugh W. H. Co.
4	1001	Michigan Blvd.	2479000	94,917	94,917		Pugh W. H. Co.
5	39	Reichert Ct.	2473000	169,884	169,884		Pugh W. H. Co.
6	1144	Michigan Blvd.	2486000	17,668	17,668		Pugh W. H. Co.
7	1136	Michigan Blvd.	2490000	6,800	6,800		Mc Glown Leora
8	1115	Chatham St.	2487000	25,045	25,045		Pugh Richard J.
9	200	Dodge St.	2489000	44,344	44,344		Pugh W. H. Co.
10	1135	Chatham St.	2491001	5,750	5,750		Pugh W. H. Co.
11	1131	Chatham St.	2491000	2,875	2,875		Pugh W. H. Co.
12	1125	Chatham St.	2488000	9,380	9,380		Pugh Richard J.
Totals				893,152	836,742	420,459	
					94%	47%	

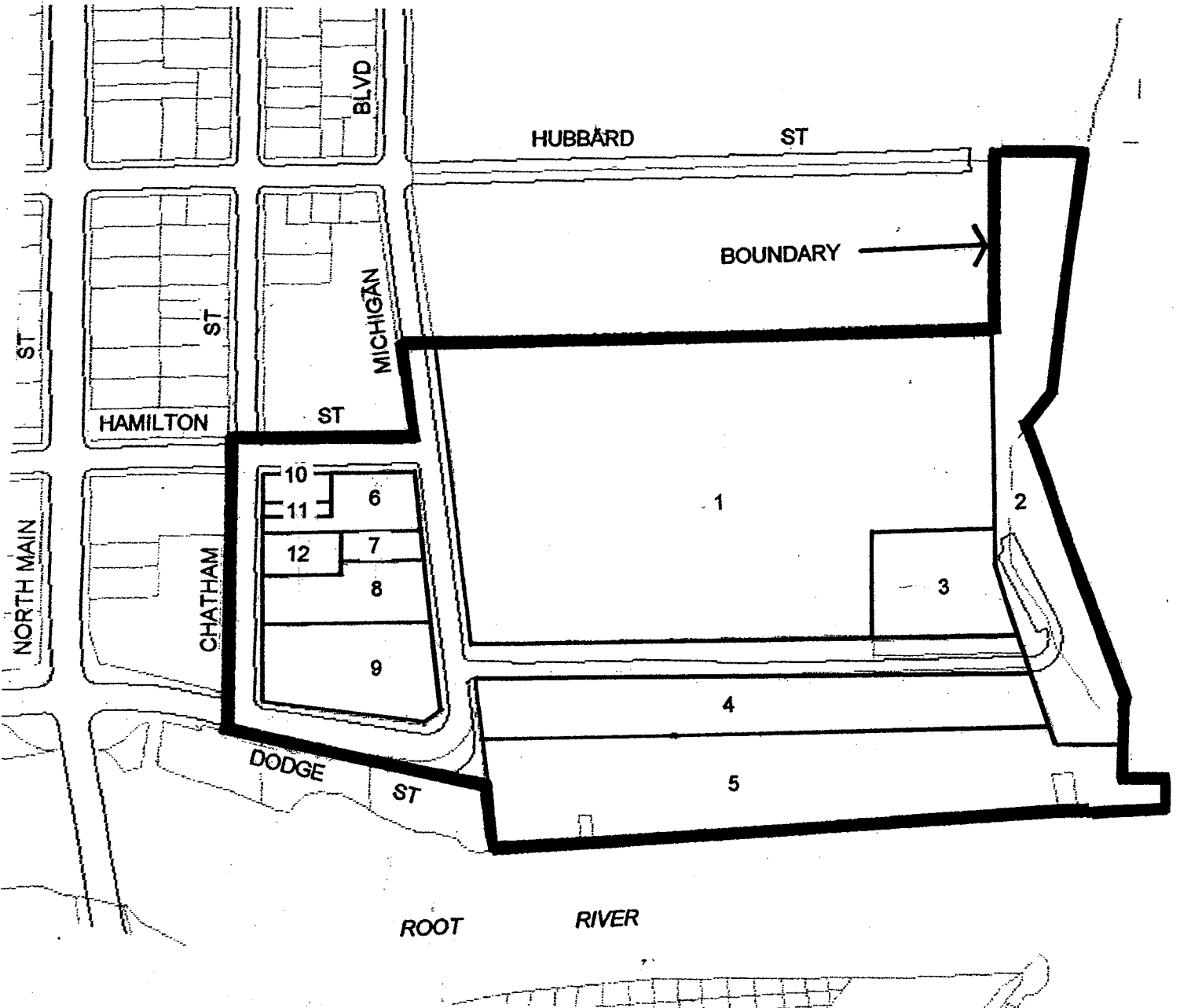
Notes:

Map numbers correspond to the numbers on Map 1, Boundary Map.

Area is parcel area; rights of way not included.

#2 parcel is open space parkland.

#3,5,6,8,11, and 12 parcels, although relatively unimproved, are integral to the marina boat yard operations and function as a single property with the other Pugh-owned parcels. Therefore, they are not considered as vacant.



NORTH DCD 7/19/06 jll

MAP 1. BOUNDARY MAP
TID NO. 14 - CITY OF RACINE